



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1319

PRINTERS NO. 1879

PRIME SPONSOR: Marshall

COST / (SAVINGS)

FUND	FY 2014/15	FY 2015/16
General Fund	\$0	\$1,500,000

SUMMARY: House Bill 1319, printer's number 1879, provides for the establishment of an ABLÉ Act savings program by the Treasury Department to encourage eligible individuals with disabilities to save private funds from which the expenses related to their disabilities may be paid. The effective date is immediately upon enactment.

ANALYSIS: The bill provides for the Achieving a Better Life Experience (ABLE) Act to provide the Treasury Department with the authority to establish and maintain a qualified ABLE program to fund qualified disability expenses, including but not limited to education, housing, transportation, employment training and support, assistive technology and personal support services, financial management fees, legal fees, funeral and burial expenses and other expenses approved by the Secretary of the Treasury of the United States. In December 2014, the federal government authorized states to create ABLE accounts, to allow individuals with disabilities to save up to \$100,000 without risking eligibility for Social Security and other government programs. To be eligible for an ABLE account an individual must be entitled to Social Security benefits based on blindness or disability that occurred before the individual reached age 26. ABLE accounts are modeled after 529 college savings plans. Each state must enact regulations to establish and administer the ABLE Act program within the state.

The bill provides the Treasury Department with the authority to develop and administer the qualified ABLE program in accordance with IRC § 529A in a manner that allows account owners and designated beneficiaries to obtain and maintain Federal income tax benefits provided by the Internal Revenue Code. Treasury may engage the services of consultants on a contract basis for rendering professional and technical assistance to set up the ABLE account program and may enter into management contracts with a legal entity to oversee the ABLE accounts. Treasury shall enforce the account limitation and regulate accounts as required in IRC § 529A. The Treasury Department may contract with other states that do not have qualified ABLE account programs to provide ABLE account program services to residents of the contracting states.

Treasury may establish a special fund to be known as the ABLE Savings Program Fund for contributions made to ABLE accounts, fees and charges to cover costs of administering the program, and any other public or private money appropriated or made available to the department for the fund. Moneys in the Fund shall be invested under policies established by Treasury to provide for an appropriate balance of risk, liquidity and return commensurate with the management of a prudent investor.

The bill provides for qualified withdrawals from ABLE accounts. Procedures related to nonqualified withdrawals are also outlined. Treasury is required to submit electronically to the Commissioner of Social Security, in the manner specified by the Commissioner of Social Security, statements on relevant distributions and account balances from each account.

The Commonwealth shall be a creditor of an ABLE account. Upon the death of the designated account beneficiary, after payment of outstanding qualified disability expenses, the amount remaining in the account not in excess of the total medical assistance paid for the designated beneficiary after the establishment of the ABLE account, net of any premiums paid from the account or paid by or on behalf of the designated beneficiary to a Medicaid buy-in program under the State Medicaid plan, shall be distributed to the Commonwealth upon the filing of a claim for payment.

Powers and duties of the Treasury Department are outlined in the bill. Treasury is required to prepare and submit through the Governor an annual budget covering the operating and administrative expenses of the program. The General Assembly shall approve the budget in an appropriation bill outlining expenses to be paid from fees and charges from program participants as well as other funds available.

Monthly reports must be made by the Treasury Department or Treasury's investment managers, program managers and trustees to designated beneficiaries with respect to contributions, distributions, the return of excess contributions and any other matters involving the state of a designated beneficiary's account. On or before September 1, 2017, and each September 1 thereafter, Treasury shall issue a report to the Governor, the chairman and minority chairman of the Finance Committee of the Senate, the chairman and minority chairman of the Finance Committee of the House of Representatives, account owners and designated beneficiaries on the qualified ABLE account program's fiscal transactions during the preceding fiscal year, the market value of the program as of June 30 of the preceding fiscal year, the asset allocations of the qualified ABLE program, and the rate of return on the investment of the qualified ABLE assets during the preceding fiscal year.

FISCAL IMPACT: The enactment of this bill is anticipated to result in one-time costs to the Commonwealth of \$1,500,000 to provide the Treasury Department with funds to establish the ABLE Program account structure and develop operating procedures and reporting mechanisms for the program. The one-time funds will also provide for advertising costs to make qualified individuals and their families aware of the program. Once ABLE accounts are established it is anticipated that ongoing administrative and operating expenses will be covered from management fees assessed on ABLE program account owners.

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House Appropriations Committee (R)

DATE: June 23, 2015

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.